

## Message Text

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13

ACTION EA-14

INFO OCT-01 ISO-00 AGR-20 CEA-02 CIAE-00 COME-00 DODE-00

EB-11 FRB-02 H-03 INR-10 INT-08 L-03 LAB-06 NSAE-00

NSC-07 PA-04 RSC-01 AID-20 CIEP-02 SS-20 STR-08

TAR-02 TRSE-00 PRS-01 SP-03 FEA-02 OMB-01 SWF-02

USIE-00 INRE-00 SSO-00 DRC-01 NSCE-00 /154 W

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O 310848Z MAY 74

FM AMEMBASSY MANILA

TO SECSTATE WASHDC IMMEDIATE 3952

LIMITED OFFICIAL USE MANILA 6442

E.O. 11652: N/A

TAGS: ETRD, EGEN, RP, US

SUBJECT: ECONOMIC NEGOTIATIONS - TRADE ISSUES

REF: STATE 113434

1. REVISED PHILIPPINES CUSTOMS CODE WHICH WENT INTO EFFECT JANUARY 1, 1973, MAKES VALUATION OF IMPORTS ON BASIS OF QUOTE HOME CONSUMPTION VALUE UNQUOTE (PRICE IN COUNTRY OF ORIGIN) PLUS 10 PERCENT AS CONSTRUCTIVE MEASURE OF LANDED COSTS INCLUDING FREIGHT AND INSURANCE. FOR WHEAT IMPORTS BUREAU OF CUSTOMS VALUATION CALCULATED ON F.O.B. PRICE IN COUNTRY OF ORIGIN PLUS 10 PERCENT. EFFECTIVE TARIFF RATE IS THUS 11 PERCENT OF FOB COST.

2. INTEREST OF PHILIPPINE MILLERS IN IMPORTING WHEAT WEAKENS WHEN SPREAD BETWEEN FLOUR SELLING PRICE AND COST OF WHEAT NARROWS TO POINT OF ENDANGERING DESIRED PROFIT LEVELS. PHILIPPINE PRICE CONTROL COUNCIL DETERMINES CEILING PRICE FOR FLOUR AFTER EXAMINATION OF COST DATA PRESENTED BY MILLERS. CEILING WAS MOST RECENTLY RAISED

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ON MARCH 1, 1974, FROM P40 (\$6.00) TO P60 (\$9.00) PER

FIFTY LB. BAG IN RESPONSE TO HIGHER IMPORT COSTS FOR WHEAT. FLOUR THUS SELLS AT \$396/LT VERSUS LANDED COST FOR WHEAT OF \$226. CURRENTLY, CEILING PRICE HAS NO EFFECT ON IMPORTS AS FLOUR PRICES ARE BELOW CEILING PRICES. SPREAD AMPLE IN ANY CASE.

3. REQUIREMENT FOR TOBACCO IMPORTERS TO PURCHASE TOBACCO FROM PHILIPPINE VIRGINIA TOBACCO ADMINISTRATION DOES NOT RESULT IN SUBSIDY OF PHILIPPINE TOBACCO EXPORTS. IN FIRST PLACE, REQUIREMENT IS NOT CURRENTLY IN EFFECT AS PVTA HAS DISPOSED OF ALL OF ITS STOCKS. MOREOVER, SINCE NOVEMBER 1972, PURCHASERS OF SUCH TOBACCO COULD USE IT IN BLENDED PHILIPPINE CIGARETTES AS WELL AS EXPORT IT TO THE U.S. AND OTHER COUNTRIES. TOBACCO TRADE IN SHORT NOT NOW SUBJECT TO IMPORTATION NON-TARIFF BARRIERS.  
SULLIVAN

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## Message Attributes

**Automatic Decaptioning:** X  
**Capture Date:** 01 JAN 1994  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** ECONOMIC CONDITIONS, TRADE, WHEAT, NEGOTIATIONS, PRICES  
**Control Number:** n/a  
**Copy:** SINGLE  
**Draft Date:** 31 MAY 1974  
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**Disposition Approved on Date:**  
**Disposition Authority:** BoyleJA  
**Disposition Case Number:** n/a  
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